



**FILED**

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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Implement the  
Commission's Procurement Incentive Framework  
and to Examine the Integration of Greenhouse Gas  
Emissions Standards into Procurement Policies.

Rulemaking R.06-04-009

**REPLY COMMENTS OF THE GREEN POWER INSTITUTE ON THE  
PROPOSED DECISION OF COMMISSIONER PEEVEY AND ALJ GOTTSTEIN**

January 8, 2007

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## **REPLY COMMENTS OF THE GREEN POWER INSTITUTE ON THE PROPOSED DECISION OF COMMISSIONER PEEVEY AND ALJ GOTTSTEIN**

### **Introduction**

Pursuant to Rule 14.3 of the Commission's revised Rules of Practice and Procedure, the Green Power Institute (GPI) respectfully submits these *Reply Comments of the Green Power Institute on the Proposed Decision of Commissioner Peevey and ALJ Gottstein*, in R.06-04-009, the **Order Instituting Rulemaking to Implement the Commission's Procurement Incentive Framework and to Examine the Integration of Greenhouse Gas Emissions Standards into Procurement Policies**. Our limited *Reply Comments on the PD* address the topics of pre-qualification of generating resources, firming renewables, and treatment of null energy.

### **Pre-Qualification of Resources for the EPS**

The PD correctly pre-qualifies most renewable generating sources for the EPS, on the basis that the record of this proceeding contains the information needed to justify the pre-qualification. A number of parties, including IEP, CMUA, and the CCC, request that the Commission include a process for the pre-qualification of other generating sources at some point in the future, assuming that a record is built to support that pre-qualification. The GPI supports this proposal. Indeed, as the PD notes on page 103, several renewable technologies, including hydroelectric, fuel cells, photovoltaics, biodiesel, and ocean thermal, have not yet been granted a finding of pre-qualification, simply because the studies that are currently in the record do not address them. The PD should be amended to provide a mechanism for parties to enter relevant information into the record in the future, as such information becomes available, and petition the Commission for a finding of pre-qualification based on the augmented record.

## **Firmed Renewables**

PG&E and SMUD request that the Commission reconsider the conclusion in the PD to treat firmed renewable contracts exactly like all multi-source contracts. Our position consistently has been that properly-structured firmed renewable contracts should be accorded treatment that is different than that accorded for other multi-source contracts. By properly structured, we mean contracts in which firming is used to accommodate short-term, unpredictable variation in renewable output that has been scheduled according to a day-ahead or shorter-term model, such as what the CAISO offers in its Participating Intermittent Resource Program. Used in this way firming (non-renewable) energy use will be limited, and by its nature it will be purchased in the form of as-available, short-term system power.

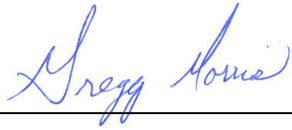
PG&E proposes limiting firming power to 15 percent of total energy deliveries, while SMUD proposes a limit of 50 percent. We believe that PG&E's proposal to limit deliveries to 15 percent of total deliveries is fully consistent with what we consider to be a properly-constructed firmed renewable contract, and we support it.

## **Treatment of Null Energy**

CRS suggests that the PD be modified to, in effect, exclude utility contracts with renewable generators who unbundle their RECs. Their rationale is their concern that the precedent set here might complicate the treatment of null energy in the second phase of this rulemaking, when a load-based greenhouse gas cap is developed. We have consistently argued that the treatment of null energy from a renewable generating facility is a tricky issue for phase two of this proceeding, and look forward to working on it as the phase two process proceeds. We disagree that the PD's treatment of null power in the context of the gateway EPS sets any kind of precedent that will complicate the process in phase two. The PD has it right on the treatment of null power, and should not be modified.

Dated January 8, 2007, at Berkeley, California.

Respectfully Submitted,



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PROOF OF SERVICE

I hereby certify that on January 8, 2007, I have served a copy of the REPLY COMMENTS OF THE GREEN POWER INSTITUTE ON THE PROPOSED DECISION OF COMMISSIONER PEEVEY AND ALJ GOTTSTEIN upon all parties listed on the Service List for this proceeding, R-06-04-009. All parties have been served by email or first class mail, in accordance with Commission Rules.

  
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Gregory Morris